THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Ministry of Human Resource Development has proposed to introduce a scheme for full interest subsidy during the period of moratorium on loans taken by students belonging to economically weaker sections from the banks under the Education Loan Scheme of the Indian Banks' Association (IBA) for pursuing any of the approved courses of studies in technical and professional streams, from recognized institutions in India.

The scheme will be circulated to banks for implementation after the modalities of the schemes are finalized by the Ministry of Human Resource Development.

Fall in credit off-take from banks

1250. SHRI KALRAJ MISHRA: Will the Minister of FINANCE be pleased to state:

(a) whether despite a reduction in the interest rates by the Reserve Bank of India (RBI) and Public Sector Banks, the credit off-take from banks has gone down;

(b) the extent of reduction in interest rates, the date of its coming into effect and the decrease/increase in loan demand for different types of credit; and

(c) the reasons for decrease in credit growth?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) According to information available upto 6th November, 2009, credit offtake from banks on year-on-year basis increased by 9.8% as compared to 27.7% during the corresponding period last year.

(b) As per the Reserve Bank of India (RBI), the reduction in the range of Benchmark Prime Lending Rates (BPLRs) during October 2008-November, 2009 was 125-275 basis points for Public Sector Banks (PSBs), 100-125 basis points for private sector banks and 125 basis points for foreign banks.

There was a positive growth of credit in most of the sectors of the economy, although at a lower rate compared to last year. Credit flow to agriculture and micro and small enterprises was higher in both absolute and percentage terms compared to last year.

(c) The deceleration in credit growth during the current year was mainly on account of the following factors:-

- Overall credit demand from the manufacturing sector slowed down reflecting a decline in commodity prices and drawdown of inventories.
- Corporates were able to access non-bank domestic sources of funds and external financing at lower costs.
- Unlike in the previous year, oil marketing companies reduced their borrowings from the banking sector as oil prices moderated.

Pension scheme for Gramin Bank employees

1251. SHRI RAMA CHANDRA KHUNTIA: Will the Minister of FINANCE be pleased to state:

(a) whether Government is aware that Gramin Banks are following the practice of limited provident fund deduction as a result of which Gramin Bank officers are getting less pension that the Central Government and State Government class IV employees; and

(b) whether Government would introduce a new pension scheme for the Gramin Bank employees and also order for full deduction of provident fund?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Regional Rural Banks (RRBs) employees and officers are governed under the Employees Provident Fund and Miscellaneous Provisions Act 1952. The superannuation benefits are admissible as per the provisions of this Act. As per this Act, the RRB employees and officers contribute 12% of their Pay and Dearness Allowance to Provident Fund with an equal amount of contribution by the Banks upto a ceiling of Pay and Dearness Allowance of Rs.6500/-. As per the National industrial Tribunal (NIT) award and the recommendations made by the Equation Committee, the employees and officers of RRBs are to be governed under the Employees Provident Fund Act, 1952, until they are exempted from the purview of the Act.

Violation of ECB guidelines

1252. SHRI PRAVEEN RASHTRAPAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some firms dealing in power, communication and infrastructure sectors have violated the External Commercial Borrowings (ECB) guidelines of the Reserve Bank of India (RBI) during the last two years;

(b) if so, the details thereof with names of companies, penalties imposed, etc. by RBI;

(c) whether some big industrial groups involved in violation of ECB guidelines have evolved new mechanism/strategy to bye-pass the pending liability and has approached RBI for ECB approval by their other group or subsidiary companies; and

(d) if so, what steps Government has taken to ensure that such subsidiary or new companies of single-umbrella group do not circumvent the RBI guidelines unless their pending violations are resolved?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes, Sir.

(b) The details of companies who have violated the ECB guidelines and penalties imposed by RBI thereto are given below.

(1) ***Reliance Infrastructure Ltd. (RIL) (formerly Reliance Energy Ltd.)***

End-use violations have been observed by RBI in the ECBs raised by RIL pertaining to two ECBs for USD 360 million and USD 150 million. The company brought the proceeds raised through the said ECBs to India and kept these invested in debt mutual funds, pending utilization for the declared end-use in gross violation of the extant ECB guidelines.